

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2227 - SB 2873**

February 26, 2022

**SUMMARY OF BILL:** Requires a Tennessee highway patrol (THP) member, who is a retiree with 25 years of service and is retiring on or after January 1, 2020, to receive 80 percent of the schedule premium or defined contribution.

**FISCAL IMPACT:**

**Increase State Expenditures –**

**\$11,600/FY22-23/Other Postemployment Benefits Trust Fund**  
**\$2,800/FY23-24/Other Postemployment Benefits Trust Fund**  
**\$3,000/FY24-25/Other Postemployment Benefits Trust Fund**  
**\$3,200/FY25-26 and Subsequent Years/**  
**Other Postemployment Benefits Trust Fund**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 8-27-205, any THP member with 25 years of service receives 80 percent of the scheduled premium or defined contribution if their employment concluded on or after January 1, 2021. The proposed legislation would extend this to include employees who retired a year prior.
- Benefits Administration has identified one THP member who would be affected by the proposed legislation. This individual is currently receiving 70 percent of the scheduled premium.
- This retired employee will receive a one-time payment for the premium difference since their time of retirement of \$8,931, assuming the legislation goes into effect on July 1, 2022.
- This retiree will also receive a 10 percent (80% - 70%) increase in premiums in each year, beginning in FY22-23. A 7.7 percent premium increase is estimated in FY23-24, followed by a 6 percent premium increase in each subsequent year. The increase in state expenditures for four years after the legislation is effectuated will be as follows:

	Retiree Pay 70% Premium Coverage	Retiree Pay 80% Premium Coverage	Premium Change per Month	Annual Difference in Subsidy
FY22-23	\$440.00	\$660.00	\$220.00	\$2,640.00
FY23-24	\$473.88	\$710.82	\$236.94	\$2,843.28
FY24-25	\$502.31	\$753.47	\$251.16	\$3,013.88
FY25-26	\$532.45	\$798.68	\$266.23	\$3,194.71

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- For the purpose of this analysis, it is assumed that each year subsequent to FY25-26 will remain consistent.
- The total fiscal impact will be \$11,571 (\$8,931 + \$2,640) in FY22-23, \$2,843 in FY23-24, \$3,014 in FY24-25, and \$3,194.71 in FY24-25 and subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/cd